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## **Chicago Gambled on Federal Stimulus and Will Now Use \$500 million to Pay Off Short-Term Borrowing.**

**'This fits the spirit of the American Rescue Plan,' one analyst says, even as she finds the opacity troubling**

Savvy cash management, or creative bookkeeping?

The city of Chicago recently announced plans to use funds from the federal American Rescue Plan stimulus to pay down about \$500 million in short-term debt it took out in December. The step received scant attention until a public-finance expert published a [blog post](#) on the subject in August.

As Amanda Kass, associate director for the Chicago-based Government Finance Research Center, makes clear, the move isn't improper — but she thinks it isn't a prudent selection among possible steps, either. At best, Kass sees it as a financial Hail Mary that will probably work out for the city at the expense of transparency and public engagement.

Here's what happened. Last November, facing a near \$800 million fiscal 2020 budget deficit, due mostly to the pandemic, city managers decided to take on \$450 million in short-term debt, plus interest. City managers reached out to several banks and found JPMorgan Chase & Co. offered the best rate. The deal was finalized in December.

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### **MarketWatch**

By Andrea Riquier

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